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Testimony

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Legislative Co-Chair

Proposed Bill SB No. 91 An Act Concerning The Interest Rate on Delinquent Property Taxes

The Connecticut Tax Collector's Association is opposed to Raised Bill No. 91 and strongly urges you to reconsider this proposal. We find pitting municipalities against each other by allowing the ability to charge interest per local option at rate ranging between ten percent to eighteen percent per year to be troublesome.

All Tax Collectors statewide depend on the charging of interest to enforce the payment of property taxes in a timely manner. Part of CTx's mission is to abide by state statutes that are based primarily on uniformity. Without uniformity across municipal lines our ability to enforce and collect property taxes in an efficient manner would be compromised greatly. Taxpayers would be reluctant to pay upon hearing about another individual having their interest charged at a lower rate in another municipality.

Furthermore, Connecticut law requires all residents to notify the DMV of any address change within 48 hours. With the knowledge that interest rates may vary from town to town, individuals may be less reluctant to keep up with their obligation to change their address if the towns they are moving to have a higher interest rate. Over time, such a scenario could severely delay municipalities from receiving the property tax dollars that rightfully belong to them.

Also, variable interest rates would cause chaos and confusion for individuals such as attorneys and title searchers that conduct business in tax offices on a daily basis. The current understanding and expectation is that all tax offices operate on the same uniform statewide statutes. If this were to change, it would become necessary for attorneys conducting and calculating closing figures for a property sale to further burden themselves as well as the tax offices to ensure they have the proper interest figures for each and every municipality they handle a property sale in.

Last, and most importantly, interest on delinquent property taxes is a revenue concern within a municipal budget. The interest collected by a municipality makes up a portion of the Property Tax Revenue within a budget. Any reduction to the amount of interest they are to collect could have a significant negative impact to the budget resulting in on-time paying, law-abiding citizens being left to suffer.